

## 15.0.0 INCOME

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### 15.1.0 Introduction

Income is available when:

1. It is actually available, **and**
2. The person has a legal interest in it, **and**
3. The person has the legal ability to make it available for support and maintenance.

Examples of income sources that someone can make available are social security and unemployment compensation. This includes income increases such as COLAs.

When it is known that a member of the assistance group is eligible for some sort of income or an increased amount of income:

1. Count the income if the amount is known. Count it as if the person is receiving it.
2. Ignore the income if the amount is not known.

**Example.** Ms. M. is entitled to OASDI benefits of \$450. However, she declined a \$20 COLA increase, and her check is only \$430. Since the full entitlement amount is known, available income is \$450.

Income is unavailable when it will not be available for 31 days or more. The person must document that it will not be available for 31 days or more.

Unavailability is usually documented by a letter from an agency stating when the person will receive the benefit. Thus, if s/he has just applied for benefits, do not add it to his/her income yet. The income is not ignored; it is only suspended until it becomes available. Schedule an eligibility review for no later than the 60th day.

### 15.1.2 Prorating

Prorate means "to distribute proportionately."

**Example.** Sally takes \$400 to Las Vegas for a 3-day vacation. She distributes \$400 over 3 days by dividing the amount of money by the number of days. The prorated amount is \$133.33 a day.

Prorating is applied to an applicant or recipient's income when the income is received less often than monthly. By prorating, income is distributed evenly over the number of months between payments

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### 15.1.2 Prorating (cont.)

Prorate income, converting it to a monthly amount, when the income meets both of the following conditions:

1. It is received at least once a year (not, for example, every 1 1/2 years or 5 years), but less often than monthly, and
2. It is predictable in amount and frequency. Examples are trust fund or land contract income.

Start counting with the month the income was received. Count the following months consecutively up until the next month when income is received. Divide the income by the number of counted months. The result is the monthly prorated amount.

**Example.** There is a \$900 payment in January and a \$600 payment in April and another payment in July. The prorated income for January, February, and March is \$300. The prorated income for April, May, and June is \$200.

Prorating does not apply to farm and self-employment income (22.0.0).

When an assistance group applies, do not count the prorated income until it is received.

**Example.** Joe receives semiannual land contract installments of \$900. This equals a monthly income of \$150 (\$900 prorated over 6 months). He becomes eligible in May. He receives payments in January and July each year. Do not budget any prorated income until July, the first month of receipt after Joe becomes eligible.

If the group becomes ineligible and reapplies before they receive the next installment, use the same prorated amount as before.

### 15.2.0 Disregarded Income

“Disregard” means “do not count.” When you are calculating the total amount of income a person has received, disregard, that is, do not count, the following kinds of income:

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### 15.2.1 Payments to Native Americans

Disregard the following payments to Native Americans:

1. Menominee Indian Bond interest payments.
2. All judgment payments to tribes through the Indian Claims Commission or Court of Claims.
3. Payments under the Alaskan Native Claims Settlement Act.
4. Payments under the Maine Indian Claims Settlement Fund.
5. Payments under PL 93-124 to the Sisseton-Wahpeton Sioux Tribe, except individual shares over \$2,000.
6. Payments under PL 93-134 to the Maricopa Ak-Chin Indian Community, Navajo Tribe, Coast Indian Community of the Resighini Rancheria, Stillaguamish Tribe, Pueblo of Taos Tribe, Walker River Paiute Tribe, and White Earth Band of the Minnesota Chippewa Tribe, except individual shares over \$2,000.
7. Payments under PL 94-114 to the Bad River Band and Lac Courte Oreilles Band of Chippewa Indians and the Stockbridge Munsee Indian Community of Mohicans.
8. Payments under PL 96-318 to the Delaware Tribe of Kansas and of Idaho.
9. Payments under PL 96-420 to the Houlton Band of Muliseet Indians, the Passamoquoddy, and Penobscot.
10. For EBD MA cases, under PL 98-64, disregard all Indian judgment funds held in trust by the Secretary of the Interior for an Indian tribe and distributed on an individual basis to members of the tribe. Also disregard interest and investment income from these funds.
11. Payments under PL 99-346, Saginaw Chippewa Indian Tribe of Michigan.
12. Payments under PL 99-377 to the Mille Lacs, Leech Lake, and White Earth, MN, reservations.
13. Payments under PL 101-41, Puyallup Tribe of Indians Settlement Act of 1989.

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### 15.2.1 Payments to Native Americans (cont.)

14. Payments under the Distribution of Judgment Funds Act of 1987 to the Cow Creek Band, Umpqua Tribe.

15. Payments under the Distribution of Indian Judgment to the Crow Creek and Lower Brule Sioux except individual shares over \$2,000.

### 15.2.2 Special Programs

Disregard income from all of the following:

1. Active Corp. of Executives (ACE).
2. Earnings of a census enumerator.
3. Emergency Fuel Assistance.
4. Foster Grandparents Program.
5. Governmental rent or housing subsidy, including reimbursements due to federal regulatory changes in computing HUD housing rent.
6. Homestead Tax Credit.
7. Low Income Energy Assistance Program.
8. Programs funded under Title V of the Older Americans Act of 1965 (15.5.14), except than wages or salaries, which are counted.
9. Retired Senior Volunteer Program (RSVP).
10. Service Corp. of Retired Executives (SCORE).
11. University Year for Action Program (UYA).
12. Volunteers in Service to America (VISTA).
13. Wisconsin's Family Support Program (s. 46.985, WI Stats.) This program funds the unique needs of severely disabled children. They may be a vendor or a money payment.

### 15.2.3 Nutrition Benefits

Disregard benefits received from the following:

1. Emergency Food and Shelter National Board.
2. Federal Emergency Management Assistance (FEMA).
3. Food Stamp coupon allotment.
4. Home produce for household consumption.
5. National School Lunch Act.
6. Supplemental food assistance under the Child Nutrition Act of 1966.
7. Title VII Nutrition Program for the Elderly, Older Americans Act of 1965.
8. USDA Child Care Food Program.
9. USDA donated food and other emergency food.
10. WIC - the supplemental food program for women, infants, and children.

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### 15.2.4 Disaster & Emergency Assistance

Disregard major disaster and emergency assistance payments made by federal, state, county, and local agencies, and other disaster assistance organizations.

### 15.2.5 IDA Payments

Disregard IDA (Individual Development Account) payments that are made in the form of matching funds to buy a home, start a business, or to complete post-secondary education.

### 15.2.6 Travel Tickets

In EBD MA cases, disregard the value of any commercial transportation ticket which the applicant/recipient, his/her spouse or parents (if the applicant/recipient is a minor) receives as a gift if it is:

1. For travel among the 50 states, District of Columbia, American Samoa, Guam, Northern Mariana Island, Puerto Rico, and the Virgin Islands.
2. Not converted to cash.

### 15.2.7 Repayments

A repayment is money the applicant/recipient has received from an economic support program and must give back because of a program error or violation. Since s/he is not entitled to the money, s/he must repay it. Therefore it should not be counted as income to the applicant/recipient.

Disregard the following repayments:

1. Money withheld from an economic assistance check due to a prior overpayment;
2. Money from a particular income source that is voluntarily or involuntarily paid to repay a prior overpayment received from that same source of income.

If money from a particular income source is mixed with money from other types of income, disregard only an amount up to the amount of the current payment from the particular source.

**Example.** Richard receives \$50 a month from VA and \$250 from Social Security. The income from the 2 sources is mixed together in one lump of \$300. If the VA overpays Richard by \$200, he can pay back to the VA only the \$50 a month he receives from the VA. If he repays more, for instance, \$75 a month, disregard only \$50.

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### 15.2.7 Repayments (cont.)

3. Social Security income used to repay an overpayment previously received from the Social Security Administration, whether SSA or SSI.

### 15.2.8 Reimbursements

A reimbursement is a payment which a person receives for out-of-pocket expenses. Disregard reimbursements for expenses an assistance group member has incurred or paid. **Except, do not disregard reimbursements for normal household living expenses (rent, clothing, or food eaten at home.).**

Here are some examples of reimbursements you should disregard:

1. For job or training related expenses. The expenses may be for travel, food, uniforms, and transportation to and from the job or training site. This includes travel expenses of migrant workers.
2. For volunteers' out-of-pocket expenses incurred during their work.
3. Medical or dependent care reimbursements.
4. Reimbursement from the Indianhead Community Action Agency (Ladysmith) under its JUMP Start Program for start-up costs to set up an in-home child care business in the person's home.
5. Reimbursements received from the Social Services Block Grant Program for expenses in purchasing Social Services Block Grant services, for example, transportation, chore services, and child care services.

The reimbursement payment should not be more than the person's actual out-of-pocket expenses. If it is more, count the excess amount as unearned income.

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### 15.2.9 Relocation Payments

Under s. 32.19, Wis. Stats., relocation payments are available to displaced persons. The following are examples of costs which the relocation payments are intended to cover: moving expenses, replacement housing and property transfer expenses. Disregard the amounts paid by any governmental agency or organization listed in s. 32.02, Wis. Stats. Disregard Title II, Uniform Relocation Assistance and Real Property Acquisition Policies Act payments. Its purpose is to treat persons displaced by federal and federally aided programs fairly so that they do not suffer disproportionate injuries as a result of programs designed for the public's benefit.

Disregard Experimental Housing Allowance Program (EHAP) payments. Its purpose is to study housing supply. Test areas, which include Brown County, were selected throughout the United States, and contracts were entered into prior to 1-1-75. A sample of families was selected to receive monthly housing allowance payments.

For EBD MA applicants and recipients, disregard housing assistance payments received under the following Acts:

1. United States Housing Act of 1937
2. The National Housing Act
3. Section 101 of the Housing and Urban Development Act of 1965
4. Title V of the Housing Act of 1949
5. Section 202(h) of the Housing Act of 1959

### 15.2.10 Agent Orange Settlement Fund

Disregard payments received from the Agent Orange Settlement Fund or any other fund established in settling "In Re Agent Orange product liability Settlement Fund litigation, M.D.L. No. 381 (E.D.N.Y.)".

Apply this disregard retroactively to 1-1-89 and continue to disregard these payments for as long as they are identified separately.

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15.2.11 Radiation Exposure Compensation Act	<p>Disregard payments from any program under the Radiation Exposure Act (PL 101-426) paid to persons to compensate injury or death due to exposure to radiation from nuclear testing (\$50,00) and uranium mining (\$100,000). The federal Department of Justice reviews the claims and makes the payments. If the affected person is dead, payments are made to his/her surviving spouse, children, parents, or grandparents.</p> <p>Apply this disregard retroactively to 10-15-90 and continue to disregard these payments for as long as they are identified separately.</p>
15.2.12 Payments to Nazi Victims	<p>Disregard payments made under PL 103-286 to victims of Nazi persecution.</p>
15.2.13 Mixed Family	<p>When a family consists of AFDC recipients and nonrecipients, include the AFDC recipients in the fiscal test group but disregard the AFDC grant in the income test.</p>
15.2.14 Dottie Moore Payments	<p>Disregard any penalty payment paid as a result of the Dottie Moore lawsuit.</p> <p>These court-ordered \$50-\$200 penalty payments can be imposed when the Economic Support Agency or Child Support Agency does not correctly process child support refunds.</p>
15.2.15 Zebley Payments	<p>Disregard all SSI payments received by anyone as a result of the <u>Zebley v. Sullivan</u> decision. Do not count it as income or a lump sum in the month received. Do not count it as an asset even if the family keeps the money and does not spend it.</p>
15.2.16 Life Insurance	<p>Disregard life insurance policy dividends.</p>
15.2.17 Inconsequential	<p>Disregard income which is unpredictable, irregular, and has no appreciable effect on ongoing need.</p>
15.2.18 Foster Care	<p>Disregard foster care payments.</p>

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15.2.19 Adoption Assistance	Disregard adoption assistance payments.
15.2.20 Wartime Relocation of Citizens	Disregard restitution payments under PL 100-383 to individual Japanese-Americans (or their survivors) and Aleuts who were interned or relocated during WW II.
15.2.21 Child Support & Maintenance	<p>In Family MA cases (but not in EBD MA cases), disregard the first \$50 of current child support paid by the absent parent(s), if it is:</p> <p>Court ordered (assigned or unassigned) and paid to either:</p> <ul style="list-style-type: none"><li>a. The clerk of courts, or</li><li>b. Directly to or on behalf of an MA group.</li></ul> <p>If payments are made by 2 or more absent parents, disregard only the first \$50. The disregard may not exceed \$50 for each month in which child support and/or maintenance is collected or received.</p>
15.2.22 Susan Walker Payments	Disregard payments received from the class action settlement of Susan Walker vs. Bayer Corporation. These payments are to hemophiliacs who contracted the HIV virus from contaminated blood products.
15.2.23 Spina Bifida Child	Disregard payments made under PL 104-204 to any child of a Vietnam veteran for any disability resulting from the child's spina bifida.
15.2.24 Kinship Care	Disregard kinship care payments.
15.2.25 W2 Payments	Disregard Wisconsin Works (W2) payments for Transitional Jobs and Community Service Jobs. Do not disregard payments for Trial Jobs.
15.2.26 Migrant Workers	Annualize migrant workers income. See 19.8.2.
15.2.27 VA Allowances	Disregard VA allowances for unusual medical expenses that are received by a veteran, their surviving spouse, or dependent. Disregard aid and attendance and housebound allowances received by veterans, spouses of disabled

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## 15.2.27 VA Allowances (cont.)

veterans and surviving spouses. For institutionalized and community waiver cases, disregard these allowances in eligibility and post-eligibility determinations, except for residents of the State Veterans Home at King.

For King residents the entire payment is exempt when determining eligibility, but only \$90 is exempt in the post eligibility test. It applies only to those who meet the following conditions:

1. S/he is a resident at the State Veterans Home at King, **and**
2. S/he receives aid and attendance, unusual medical expense or housebound allowance payments in an amount greater than \$90, **and**
3. S/he is a veteran who has no spouse or child or is a childless surviving spouse of a veteran.

**Example:** John is a veteran residing at the State Veteran's Home. His total monthly income consists of a \$90 VA pension and a \$55 annuity payment. The \$90 VA pension is totally disregarded in eligibility and post eligibility determinations. The personal needs allowance for institutionalized clients is deducted from the \$55 annuity payment. John's remaining budgetable income in the MA post-eligibility determination is \$10 and that \$10 will be applied to his patient liability.

**Example:** Scott is a veteran residing at the State Veteran's Home. His total monthly income consists of a \$590 VA pension (\$200 of which is for unusual medical expenses) and a \$50 annuity payment. The portion of the VA pension for unusual medical expenses is totally disregarded in the MA eligibility test. The \$50 annuity payment and remaining \$390 of the VA pension is non-exempt income. For the post-eligibility test, only \$90 of the VA pension is disregarded. The patient liability calculation includes the personal needs allowance, so Scott will have to contribute \$505 to his patient liability.

**Eligibility Calculation**

\$590 VA Pension  
+ 50 Annuity  
\$640  
-200 (exempt income)  
\$440 countable income

**Liability Calculation**

\$590 VA Pension  
+ 50 Annuity  
\$640  
- 90 (exempt income)  
- 45 (personal needs)  
\$505 patient liability

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### 15.3.0 Income Deductions

#### 15.3.1 Maintaining Home or Apartment

If an institutionalized person has a home or apartment, deduct an amount from his/her income to allow for maintaining the home or apartment. Make the deduction only when the following conditions are met:

1. A physician certifies (verbally or in writing) that the person is likely to return to the home or apartment within six months, **and**
2. The person's spouse is not living in the home or apartment.

The amount is in addition to the personal needs allowance (30.5.1). It may not exceed the SSI payment level plus the E Supplement for one person (30.5.0). It should be enough for mortgage, rent, property taxes (including special assessments), home or renters insurance, utilities (heat, water, sewer, electricity, and other incidental costs.

Deduct it for no more than six months. If the person is readmitted to the institution, grant a month continuance. A physician must again certify that s/he is likely to return to the home or apartment within six months.

#### 15.3.2 Special Exempt Income

Special exempt income includes:

- Income used for supporting others (15.3.2.1).
- Court-ordered attorney fees (15.3.2.3).
- Court-ordered guardian and guardian ad litem fees (15.3.2.3).
- Expenses associated with establishing and maintaining a guardianship (15.3.2.3).
- Expenses associated with a Self-Support Plan (15.3.2.2).
- Impairment Related Work Expenses (IRWE) (15.3.4).
- Maintaining a home or apartment (15.3.1).

For specific exemptions see 15.2.0.

##### 15.3.2.1 Support Payments

Support payments are payments which an MA client makes to another person for the purpose of supporting and maintaining that person. Support payments are either court-ordered or non-court-ordered.

Include the support payment amount as part of an institutionalized person's monthly need (10.6.0) and cost of care (10.7.0).

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### 15.3.2.1 *Support Payments* (cont.)

A person in the fiscal group who has legal responsibility for a person in a nursing home may be paying that person's patient liability. If so, deduct this amount from the group's income.

**Court-Ordered.** Include all court-ordered support payments, including child support, that the client is obligated to pay based on past payment history.

**Non-court-Ordered.** Include non-court-ordered support payments only if they are paid to the following:

1. Institutionalized spouse. The maximum amount that can be included is the AFDC Cat Needy income limit for a group size of one (30.4.0) **minus** the spouse's net income.
2. Minor child who is living with a non-legally responsible relative (NLRR). The maximum amount that can be included is the AFDC cat needy income limit for a group size of one **plus** the child's medical expenses **minus** the child's net income.

Do not include non-court-ordered payments if they are to:

1. A spouse or minor child who receives SSI, **or**
2. A spouse who is eligible for SSI but refuses to apply for it.

### 15.3.2.2 *Self-Support Plan*

A client whose eligibility is based on blindness or disability may deduct income that is received under an approved self-support plan. This allows a handicapped person to receive income and accumulate resources for training or purchasing equipment necessary for self support. Where all requirements are met, income from any source, earned or unearned, is deducted and allowed to accumulate to the extent specified in the plan.

To qualify for this deduction, the client must perform in accordance with the plan. The plan must:

1. Be specific, current, and in writing.
2. Be approved by the county or tribal agency.
3. Specify the amount to be set aside, and the expected cost and time required to accomplish the objective.

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### 15.3.2.2 *Self-Support Plan* (cont.)

4. Provide for identification and segregation of goods and money accumulated and conserved.

### 15.3.2.3 *Fees to Guardians or Attorneys*

Count as available income any payments an institutionalized person makes to:

1. A legal guardian or attorney which are not court-ordered payments. Do not include such payments in the person's monthly need, and do not deduct them from his/her monthly income.
2. A third party to reimburse a prepayment the third party made of a guardianship fee. Count the payment even if the third party obtained a court order to recoup the prepayment.

**Exception:** Deduct this third party prepayment if:

- a. The third party was the county acting as *guardian ad litem*. A *guardian ad litem* is someone appointed by the court to represent the best interests of a juvenile or disabled person during a particular court proceeding.
- b. The prepayment was to an attorney who was not a county employee at the time the services were delivered.
- c. A court ordered the institutionalized person to reimburse the county's prepayment.

Do not count the following as available income:

1. Court-ordered guardian and/or attorney fees paid directly out of the person's monthly income.
2. Expenses paid by the person for establishing and maintaining a court-ordered guardianship or protective placement for him/herself.

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### 15.3.3 Medical/Remedial Expenses (MRE)

Medical and Remedial Expenses (MRE) are used in waiver and Family Care Non-MA eligibility determinations, as well as in cost share and Medicaid Purchase Plan (MAPP) premium calculations.

Medical expenses are anticipated incurred expenses for

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### 15.3.3 Medical/Remedial Expenses (MRE) (cont.)

services or goods that have been prescribed or provided by a professional medical practitioner (licensed in Wisconsin or another state). The expense is for diagnosis, cure, treatment, or prevention of disease or for treatment affecting any part of the body. These are expenses that are the responsibility of the client, and cannot be reimbursable by any other source, such as MA, private insurance, or employer.

The following are examples of medical expenses:

1. Deductibles and co-payments for MA, Medicare, and private health insurances.
2. Bills for medical services which are not covered by the Wisconsin MA program.
3. Bills for medical services received before the person became eligible for MA.

Remedial expenses are costs incurred for services or goods that are provided for the purpose of relieving, remedying, or reducing a medical or health condition. These are expenses that are the responsibility of the client and cannot be reimbursable by any other source, such as MA, private insurance, or employer.

Some examples of remedial expenses are:

1. Case management.
2. Day care.
3. Housing modifications for accessibility.
4. Respite care.
5. Supportive home care.
6. Transportation.
7. Services recognized under s.46.27, Wis. Stats., Community Options Program, that are included in the person's service plan.

Remedial expenses do not include housing or room and board services.

### 15.3.4 Impairment Related Work Expenses (IRWE)

Impairment Related Work Expenses (IRWE) are expenses used to determine eligibility for EBD MA, the MAPP and in MAPP premium calculations. IRWEs are anticipated incurred expenses by the client related to the client's impairment and employment. The expense cannot be one that a similar worker without a disability would have,

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### 15.3.4 Impairment Related Work Expenses (IRWE) (cont.)

such as uniforms. The expense cannot be reimbursable by another source such as MA, private insurance, or the client's employer.

Deduct any EBD person's expenses which:

1. Do not exceed his/her gross monthly earned income (plus room and board income, if any).
2. Are reasonably related to his/her earned income. Expenses which are reasonably related to earned income include those incurred in performing on the job and improving the person's ability to do the job.

Bills from months prior to months for which eligibility is being determined are not an allowable IRWE. This is true even if it is currently being paid.

Determine a standard charge for the item or service based on what is representative for the client's community. **If you count an expense as an IRWE, do not also use the expense as a Medical/Remedial Expense (MRE).**

Some examples of IRWEs are: Modified audio/visual equipment, typing aides specialized keyboards, prostheses, reading aids, vehicle modification (plus installation, maintenance, and associated repair costs), and wheelchairs.

Do not allow the expense of getting to and from work as an IRWE, unless the expense is related to the client's disability.

**Exception:** Always count the expense of getting to and from work as an IRWE for blind individuals.

### 15.3.5 \$90 Earned Income Disregard

When testing a MA client for Family MA, disregard \$90 for each individual in the household that is employed.

### 15.3.6 \$65 and ½ Earned Income Disregard

The \$65 ½ earned income disregard is an EBD fiscal test group disregard.

To calculate the \$65 ½ earned income disregard, subtract \$65 from the client's monthly earned income. Divide the result by two, and add \$65. This is the earned income disregard.

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### 15.3.6 \$65 and ½ Earned Income Disregard (cont.)

**Example.** Michelle has monthly income of \$1,240. Her \$65 ½ earned income disregard is:

\$1,240.00  
– 65.00  
\$1,175.00

$\$1,175.00 / 2 = \$587.50$  Countable Income

\$ 587.50  
+ 65.00  
\$ 652.50 Earned Income Disregard

Michelle's earned income disregard amount is \$652.50.

## 15.4.0 Unearned Income

Unearned income is income that the client receives from sources other than employment. Unless it is disregarded income (15.2.0) or an income deduction (15.3.0), count it in the person's income total.

### 15.4.1 Income from Trusts

A trust is any arrangement in which a person (the "grantor") transfers property to another person with the intention that that person (the "trustee") hold, manage, or administer the property for the benefit of the grantor or of someone designated by the grantor (the "beneficiary").

The term "trust" includes any legal instrument or device or arrangement which, even though not called a trust under state law, has the same attributes as a trust. That is, the grantor transfers property to the trustee and the grantor's intention is that the trustee hold, manage, or administer the property for the benefit of the grantor or of the beneficiary.

The grantor can be:

1. The MA client.
2. The spouse of the MA client.
3. A person, including a court or administrative body, with legal authority to act in place of or on behalf of the client or the client's spouse. This includes a power of attorney or guardian.
4. A person, including a court or an administrative body, acting at the direction or upon the request of the client

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### 15.4.1 Income from Trusts (cont.)

or the client's spouse. This includes relatives, friends, volunteers or authorized representatives.

All payments (including interest, dividends, and rent) from a trust to the beneficiary are unearned income to the beneficiary. See 15.4.9 for instructions on counting interest.

Do not count withdrawals from the trust principal as income when the withdrawals are in addition to or are an exception to payments under the terms of the trust agreement. These withdrawals are a conversion of an asset from one form to another.

If the beneficiary does **not** receive payments (including interest, dividends, and rent) from the trust, but they are added back to the trust principal:

1. Do not count them as income to the beneficiary if the beneficiary is elderly, blind or disabled.
2. Count them as income to the beneficiary if the beneficiary is Family MA.

**Except:** Do not count the payments if they are irrevocable interest payments from an irrevocable trust. An "irrevocable trust" is a trust that cannot, in any way, be revoked by the grantor.

**Note:** If the grantor is an institutionalized person, or acting on behalf of an institutionalized person, payments from any trust, both revocable and irrevocable, that are not to or for the benefit of the institutionalized person are divestment (14.13.0).

### 15.4.2 Sick Benefits

Sick benefits received from insurance such as income continuation.

### 15.4.3 Unemployment Compensation (UC)

Count UC that is intercepted to collect child support as if the UC beneficiary actually received the intercepted dollars. For Family Care Non-MA, count UC as earned income.

### 15.4.4 Retirement Benefits

Retirement benefits are work-related plans for providing income when employment ends (e.g., pension, disability, or retirement plans administered by an employer or union). Other examples are funds held in an individual retirement account (IRA) and plans for self-employed individuals,

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### 15.4.4 Retirement Benefits (cont.)

sometimes referred to as Keogh plans.

Count periodic payments received from an individual retirement account (IRA) or other retirement fund as income. The payments do not have to be equal in amount.

Once periodic payments are received, the retirement fund is no longer an available asset (11.7.21). A periodic payment is any partial payment from a retirement account. Withdrawal of the full amount from any retirement account that has never had a withdrawal made from it is not considered a partial payment.

If a client has multiple IRAs, Keoghs, etc. consider each of these separately.

**Example.** Mark has three IRAs. He is receiving periodic payments from one, but not from the other two. Treat the periodic payments as income. Treat any interest that Mark receives as income. Mark's IRAs that he is not receiving periodic payments from are considered available assets (11.7.21).

### 15.4.5 General Relief and Charity

Count unrestricted General Relief and charitable payments as follows:

1. Subtract the process month's Family Allowance from the Assistance Standard for this size fiscal group.
2. Multiply the difference by 12 to get the maximum payment you can disregard.
3. Ignore any payment that is less than the maximum.
4. Subtract from the maximum the amount of any payment that is greater than the maximum.
5. Count the remainder as unearned income.

### 15.4.6 Gifts

A gift is something a person receives which is not repayment for goods or services the person provided and is not given because of a legal obligation on the giver's part. To be a gift, something must be given irrevocably (that is, the donor relinquishes all control).

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### 15.4.6 Gifts (cont.)

Treat non-cash gifts as an asset, as you would an asset of a similar type.

A cash gift is unearned **income** in the month of receipt. It is an **asset** in the months after the month of receipt.

Disregard cash gifts (such as for birthdays, graduation, and Christmas) that total \$30 or less, for each assistance group member, for each calendar quarter.

### 15.4.7 Land Contract

Count any portion of monthly payments received that are considered interest from a land contract as unearned income. Do not count the principal as income, because it is the conversion of one asset form to another. Deduct from the gross amount any expenses the person is required to pay by the terms of the contract.

If the income is received less often than monthly, prorate the income to a monthly amount. Do not begin budgeting this monthly amount until the person first receives a payment after becoming eligible.

**Example.** Bob receives land contract payments from Farmer Brown twice a year, one \$500 payment in March and another \$500 payment in September.

If Bob is applying in February prorate the land contract payments Bob receives after he becomes eligible. In March when Bob receives a \$500 land contract payment, divide the total income (\$500) by the frequency of the payments (six months) to get the budgeted income amount of \$83.33 per month ( $\$500/6 \text{ months} = \$83.33$ ). Begin budgeting this amount in March.

### 15.4.8 Loans

If an AG member makes a loan (except a land contract), treat the repayments as follows:

1. Count the interest as **unearned income** in the month received. In the months following the month the interest payment was received, count the interest payment as an **asset**.
2. Count any repayments toward the principal of the loan, whether it is a full payment, a partial payment, or an installment payment, as an **asset**.

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### 15.4.8 Loans (cont.)

If an AG member receives a loan and it is available for current living expenses, count it as an **asset**. Do this even if there is a repayment agreement. If it is not available for current living expenses, disregard it.

### 15.4.9 Interest Income

Count interest income (except from life insurance) as unearned income when it:

1. Is received regularly and frequently, **and**
2. Is more than \$20 a month.

When income is received less often than monthly, prorate (15.1.2) it to a monthly amount. Wait until the person first receives it after becoming eligible, then begin the proration with the month in which the payment is received.

If the prorated amount is \$20 or less, disregard it as inconsequential income. If more than \$20, budget it as unearned income.

**Example.** In a Family MA application, made June 16, 1991, a group member receives interest payments of \$54 every three months. The next interest payment date is July 30, 1991. Do not count any of this interest income during June. Prorate the payment over July, August, and September. The interest is:  $\$54/3 = \$18$ . Since \$18 is less than \$20, do not count the interest.

When interest is paid regularly, but the amount fluctuates, average the payments to get a monthly amount.

When you discover that interest has accumulated in an account, count all of the accumulated interest as unearned income. Do not count these interest dollars as an asset.

**Example.** In May, \$12 is posted to an account as monthly interest on principal of \$800. May income is \$12 and the May asset is \$800. In June, \$12.50 is posted as interest on a balance of \$812. June income is \$12.50 and the June asset is \$812.

If interest is not paid regularly (neither you nor the client can reasonably predict when it will be available), count the interest as unearned income in the month in which it is received.

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15.4.10 Social Security Benefits	Count Social Security Benefits as income in the month received.
15.4.11 Property Settlement	See Assets, 11.7.10.
15.4.12 Lump Sum Payments	See Assets, 11.7.11.
15.4.13 Money for School	See Money for School, 18.0.0.
15.4.14 Child Support	Count child support income as unearned income.
15.4.15 Profit Sharing	Count profit sharing income as unearned income.
15.4.16 Income Received by Members of a Religious Order	<p>Count any compensation that a member of a religious order receives, not related to gainful employment, as unearned income even if the compensation is turned over to the order.</p> <p>Count the compensation as earned income if it meets the criteria in 15.5.13.</p>
<b>15.5.0 Earned Income</b>	Earned income is income from gainful employment.
15.5.1 Income In Kind	<p>Count in-kind benefits as earned income if they are:</p> <ol style="list-style-type: none"><li>1. Regular, <b>and</b></li><li>2. Predictable, <b>and</b></li><li>3. Received in return for a service or product.</li></ol> <p>Do not count:</p> <ol style="list-style-type: none"><li>1. Meals and lodging for armed services members.</li><li>2. In-kind services that do not meet all three of the above criteria.</li></ol> <p>To determine the value of in-kind benefits, use the prevailing wage (but not less than the minimum wage) in the community for the type of work the person does to earn the benefits.</p>

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### 15.5.2 Contractual Income

This provision applies primarily to teachers and other school employees.

When an employed MA group member is paid under a contract rather than on an hourly or piecework basis, determine the period of the contract and then prorate the income from the contract over that period. For example, if the contract is for 18 months, prorate the contract's income over 18 months no matter the number of installments made in paying the income. Do this even if:

1. There are predetermined vacation periods, **or**
2. S/he will only be paid during work periods, **or**
3. S/he will be paid only at the end of the work period, season, semester or school year.

### 15.5.3 Rental Income

When a MA group member reports rental income to the Internal Revenue Service (IRS) as self-employment income, see 22.3.0 and 22.4.0.

If s/he does not report it as self-employment income, add "net rent" to any other unearned income on the appropriate worksheet. Determine "net rent" as follows:

1. When the owner is not an occupant, "net rent" is the rent payment received minus the interest portion of the mortgage payment, and other verifiable operational costs.

Operational costs include ordinary and necessary expenses such as insurance, taxes, advertising for tenants, and repairs. Repairs include such expenses as repainting, fixing gutters or floors, plastering, and replacing broken windows.

Capital expenditures are not deductible from gross rent. A capital expenditure is an expense for an addition or increase in the value of the property. It would include improvements such as finishing a basement, adding a room, putting up a fence, putting in new plumbing, wiring or cabinets, paving a driveway.

If an institutionalized person has excess operational costs above the monthly rental income, carry the excess costs over into later months until they are offset

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### 15.5.3 Rental Income (cont.)

completely by rental income. But do the carryover only until the end of the year in which the expenses were incurred.

When a life estate (11.8.1.5) holder moves off the property and the property is rented, count the net rental income the holder is entitled to receive. Net rental income is the gross rental income minus taxes, insurance, and other operational costs. The operational costs are the same as the costs the holder was liable for when living on the property.

2. When s/he receives income from a duplex, triplex, etc. and lives in one of the units, determine "net rent" as follows:
  - a. Add the interest portion of the mortgage payment and other verifiable operational costs common to the entire operation.
  - b. Multiply the number of rental units by the total in "a."
  - c. Divide the result in "b." by the total number of units. This is the proportionate share.
  - d. Add the proportionate share "c." to any operational costs paid by the client that are unique to any rental unit. The result is the total client expense.
  - e. Subtract the total client expense "d." from the total rent payments to get "net rent."

### 15.5.4 Jury Duty Payments

Count any portion of a jury payment that is over and above expenses as earned income for the month in which it is received.

### 15.5.5 Wage Advances

Count advances on wages as earned income in the month received.

### 15.5.6 Worker's Compensation

Worker's compensation is compensation for lost wages which would have been earned, except for an injury suffered during the course of employment. Count worker's compensation as earned income in Family Care Non-MA and Family MA cases. For EBD cases, it is unearned income.

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15.5.7 Governor's Central City Initiative	Count hourly income from the Governor's Central City Initiative as earned income. This program is only in Milwaukee County.
15.5.8 Income Tax Refunds and EITC	See Assets, 11.7.7 and 11.7.8.
15.5.9 Student Income	<p>Disregard a client's earned income if s/he:</p> <ol style="list-style-type: none"><li>1. Meets the definition of a dependent 18-year-old (4.6.0), <b>or</b></li><li>2. Is under age 19 and a full-time student, <b>or</b></li><li>3. Is under age 19, and part-time student working less than 30 hours per week.</li></ol> <p>Count the earned income of anyone under age 19 who does not meet any of the criteria listed above.</p>
15.5.10 AmeriCorps	Count the living allowance or stipend as earned income. Disregard any child care allowance to the extent it was used to meet child care expenses to participate in AmeriCorps. Disregard any basic health insurance policy, child care services, auxiliary aid and services to people with disabilities and the national service educational award of \$4,725 for each year of completed service.
15.5.11 Census 2000	Disregard all wages paid by the Census Bureau for temporary employment related to Census 2000. Apply this disregard from February 1, 2000 through December 31, 2000.
15.5.12 Severance Pay	Count severance pay as earned income in the month of receipt. Count severance pay that has been deferred at the employee's request or through a mutual agreement with his/her employer as earned income when s/he would have received the amount had it not been deferred.
15.5.13 Income Received by Members of a Religious Order	Count any compensation that a member of a religious order receives as earned income if the compensation is for gainful employment, even if the compensation is turned back over to the order.

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15.5.13 Income Received by  
Members of a  
Religious Order (cont.)

Count the compensation as unearned income if it is not earned through gainful employment.

15.5.14 Title V – Older  
Americans Act of 1965

Count only wages and salaries paid to individuals as a result of their participation in a program funded under Title V of the Older Americans Act of 1965 as earned income. These programs include, but are not limited to programs funded by:

- Green Thumb.
- Experience Works.
- The National Urban League.
- National Senior Citizens Education and Research Center (Senior Aides).
- National Indian Council on Aging.
- U.S.D.A Forest Service.
- Wisconsin Senior Employment Program (WISE).
- Community service employment programs, such as the Older Americans Community Service Program.

Use documents provided by the client, contact with the provider or a local council on aging, or a precedent to identify that the program is funded under Title V of the Older Americans Act of 1965.

Do not count reimbursements (15.2.8).

**15.6.0 Prospective Income**

Use the self-declared gross income amount when a client is **only** applying for MA. Do not consider the monthly declared amount “questionable” on the basis of lack of detail regarding hours of work and pay rate per hour.

## 15.6.1 Budgeting Techniques

If the client is applying for any other program of assistance in addition to MA, determine eligibility using the appropriate income calculation (see below).

Pay Cycle	Income Calculation
Weekly	hourly rate x hrs/week x 4.3 = prospective monthly income
Bi-weekly	hourly rate x hrs/pay period x 2.15 = prospective monthly income
Semi Monthly	hourly rate x hrs/pay period x 2 = prospective monthly income

15.0.0 INCOME

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15.6.1 Budgeting Techniques  
(cont.)

Monthly	hourly rate x hrs/month = prospective monthly income
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**15.7.0 FPL Income Limits**

See 30.6.0.